

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary Public

Date: 4/28/2011

GAIN Report Number: HK1116

Hong Kong

Post: Hong Kong

Update on Hong Kong's Nutrition Labeling Regulation

Report Categories:

Agriculture in the News

FAIRS Subject Report

Market Development Reports

Approved By:

Erich Kuss

Prepared By:

Caroline Yuen

Report Highlights:

The Center for Food Safety (CFS) of the Hong Kong government has released information on compliance with its newly implemented nutrition labeling regulation. One out of eight food samples did not carry accurate nutrition information, according to a government monitoring program. The Hong Kong government (HKG) explained that the discrepancies were largely due to different testing methodologies rather than intentional mislabeling. The HKG has not prosecuted any offenders due to deliberate leniency during the first year of implementation so as to allow the trade to cope with the changes. In July 2011, the Center for Food Safety (CFS) is planning to conduct a study to assess the impact of the new regulation in the context of food choices and financial implications on the trade.

Summary

The Center for Food Safety (CFS) of the Hong Kong government (HKG) reported on compliance with its newly implemented nutrition labeling regulation. The CFS inspected 14,700 food products and found that only 100 products did not carry the required nutritional labels. However with respect to the accuracy of nutrition information, test results showed that 30 out of 240 tested samples had nutrient values different from the labels. A government representative explained that inaccuracies were mostly due to different testing methodologies rather than intentional mislabeling.

In addition, the CFS is going to review the nutrition labeling regulation after one year's implementation in July 2011. The study will evaluate whether and to what extent the new regulation has reduced food choices and to assess whether there is room to reduce the application fee of small volume exemptions (SVEs) that allows products to be sold without meeting the nutrition labeling requirement. The fee currently stands at HK\$345 (US\$44) for a first time application and a HK\$335 (US\$43) annual renewal fee.

Meanwhile, a CFS representative at a public forum acknowledged that they have noticed an impact on seasonal and niche market products due to the labeling requirements. However, industry representatives noted that U.S. products have been relatively less affected than products originating from European and Asian countries.

Background

On May 28, 2008, Hong Kong's Legislative Council passed the nutrition labeling regulation which became effective July 1, 2010. Hong Kong's nutrition labeling regulation requires all prepackaged food sold in Hong Kong to label the products energy content plus seven nutrients namely: protein, carbohydrate, fat, saturated fat, trans fat, sodium and sugars. Products selling less than 30,000 units a year can apply for SVE provided that the products do not carry any nutrition claims. Traders applying for an exemption have to pay HK\$345 (US\$44) per product variety for the first year and HK\$335 (US\$43) for an annual renewal.

During the legislation of the nutrition labeling regulation, there were many concerns of the regulation's possible impact on trade. Hong Kong imports over 95 percent of its food supplies and has been well known for the variety of products that consumers enjoy. The abundant food choices are well illustrated by a 20/80 percent rule prevailing in the market, which means that 20 percent of the food types account for 80 percent of the volume consumed in Hong Kong and the remaining 80 percent food types only account for 20 percent of the food volume consumed. Given that Hong Kong is a small market for a large number of individual products, overseas manufacturers are unlikely to prepare products with a special label for Hong Kong. Thus, the biggest concern of the regulation was the reduction of food choices.

Other concerns were the fact that products seeking to place nutrition claims on the packaging are not eligible for the SVE and that the SVE fee is too costly for the trade.

Compliance

The CFS has been closely monitoring the implementation of the new nutrition labeling regulation. They have adopted a two-pronged approach. One is to check whether food products have nutrition labels indicating the value of energy and the seven required nutrients. They have inspected 14,700 food products and found that only 100 products did not carry the required nutrition labels. The other monitoring approach is to check the accuracy of nutrition labels and claims. The CFS tested 240 prepackaged food types ranging from beverages, snacks, soya sauce, milk and dairy products, and meat products, to cereal and grain products. Discrepancies existed between government test results and label information in 30 of those samples (13%).

Among the samples in which discrepancies were found, four were related to total fat, seven to saturated fat, one to trans fat, four to sugars, one to protein, six to sodium, two to calcium and five to multiple nutrients.

A government representative at a public forum explained that discrepancies between government test results and label declaration has been largely due to different testing methodologies instead of intentional mislabeling.

The CFS has promised a lenient approach in enforcing the regulation during the first year so as to give time to the trade to cope with the changes. Therefore, there have been no prosecutions to date. Instead, the trade is given the chance to explain their testing methodology and to change their labels. Among the 30 samples which were found with “inaccurate” nutrition information, the laboratory data of two samples provided by the trade were subsequently accepted by the CFS. The labels of four products were amended and five products stopped selling in Hong Kong. The remaining 19 cases are still in process.

It was reported that the CFS plans to analyze the nutrient content of around 500 food samples in 2011 so as to verify the accuracy of the nutrition labels. Meanwhile, the CFS has also stepped up education and promotion program with an objective to enhance consumers’ understanding of nutrition labeling.

Impact on Trade

Products selling less than 30,000 units a year are eligible to apply for SVE. This measure is established to help new products explore the market by avoiding the nutrient analysis fee and labeling cost before they reach a sizable sales volume. As of February 2011, the CFS approved about 32,700 SVE applications while rejecting 1,860 cases. Applications were rejected mostly because those products carried nutrition claims, which made the products not eligible for SVE.

It was reported that Japanese products accounted for the largest share of SVE applications (45%), while U.S. products constituted only 10 percent of the applications. Less U.S. products applied for SVE might speak for the fact that there are less U.S. products selling at small volume in Hong Kong than Japanese products, or that more U.S. foods carry nutrition claims, making them ineligible for SVE.

However, industry people commented that U.S. products, relative to products from other countries such as Japan, Korea, Australia and European products, are less affected by Hong Kong’s nutrition labeling

regulation because U.S. requirements encompass those of Hong Kong and English labeling is acceptable. Echoed by the CFS representative, the most affected products are niche market products such as those from Japan and Korea. Also, seasonal foods which are on shelf a short while for festivals like Christmas and Easter are impacted.

To better assess the situation, the CFS is planning to review the impact of the nutrition labeling regulation in the light of introducing new food products and seasonal foods. In addition, the CFS will also explore whether there is any possibility to reduce the application fee of SVE so as to make this measure more effective in facilitating trade for products selling at small volumes. The study will take place after the one-year anniversary of implementation on July 2011.